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August 18, 1997

EXTRACTION FILED

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: General Wireless, Inc.
Docket No. ET 97-82
Notice of Ex Parte Presentations

RECEIVED
AUG 18 1997
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Mr. Caton:

Pursuant to Section 1.1206(a)(2) of the Commission's rules, General Wireless, Inc. ("GWI" or the "Company") hereby submits this Notice of Ex Parte Presentations.

On August 15, 1997, representatives of GWI including Roger Linquist, its CEO, Dennis Spickler, its CFO, and Malcolm Lorang and Al Loverde, each a vice president, spoke telephonically with Jon Garcia of the Office of Plans and Policy, David Shiffrin of the Federal Deposit Insurance Corporation, and Sandra Danner, Cheryl Kornegay and Arthur Lechtman of the Wireless Telecommunications Bureau regarding options for C block PCS debt restructuring in the above-referenced proceeding. The parties discussed the enclosed submission (Exhibit A) and provided Mr. Garcia with a copy thereof.

On August 16, 1997, the above mentioned representatives of GWI, with the exception of Al Loverde, spoke telephonically with Jon Garcia about an additional submission sent to Mr. Garcia on August 15 (enclosed herein at Exhibit B). The parties also discussed the Commission's restructuring proposal for frequency disaggregation. GWI indicated that the proposal would not work for the Company, and spent the remainder of its time discussing GWI's alternate proposal set forth in the enclosed submission (Exhibit B).

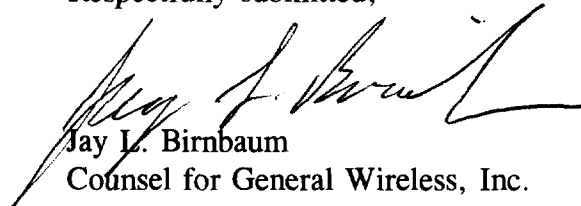
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Mr. William F. Caton
August 18, 1997
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Copies of this Notice of Ex Parte Presentations have been provided to the above-referenced Commission representatives, as required by Section 1.1206(b)(2) of the Commission's rules. An original and one copy has been submitted to the Secretary's office.

Respectfully submitted,



Jay L. Birnbaum
Counsel for General Wireless, Inc.

Enclosures

cc (w/encls.): Jon Garcia
 David Shiffrin
 Sandra Danner
 Cheryl Kornegay
 Arthur Lechtman



Options for Restructuring

- Participate in a re-auction (See Preliminary Term Sheet attached)
 - Turn in all licenses under an FCC specified procedure
 - Receive "store credit" for down payment that is not refundable
- Partition spectrum and "turn in" 10MHz or 20MHz for all BTAs in order to receive partial credit that proportionally reduces a licensee's debt.
- Elect not to participate in the re-auction or partitioning and receive a cash "true-up" that scales a licensee's existing license cost to that of the average of the re-auction prices.

I. Term Sheet for C-Block Re-Auction ("Pre-Pack" Bankruptcy)
(C-Block Rules Apply, Except as Follows)

| | |
|---------------------------------|---|
| <i>Participants:</i> | Qualified DEs and existing licensees that only elect the re-auction option. |
| <i>Qualification:</i> | Participants must comply with FCC "Pre-Pack" Bankruptcy rules. Participants must put all their licenses into the auction. |
| <i>"Store Credit":</i> | (a) Equal to 100% of non-refundable down payments if no "break-up" funds paid by FCC. (b) Equal to non-refundable down payment less the amount of unsecured debt retired through a "break-up" fee payment made by FCC. |
| <i>Upfront Payment:</i> | All cash to be bid in auction deposited in advance. |
| <i>Eligibility:</i> | Eligibility for new money based on \$.15/MHz/Pop. "Store credit" eligible to the extent of licensed Pops. |
| <i>Payment Process:</i> | "Store Credit" spent first. New money refunded at the end of the auction if not needed to pay for license(s) won. |
| <i>Bidding Rules:</i> | C-Block, Stage III rules. |
| <i>License Transfer:</i> | Unrestricted transfer of licenses in the event of default to lenders. |

II. Term Sheet for C-Block Re-Auction (Non-Bankruptcy)

(C-Block Rules Apply, Except as Follows)

| | |
|---------------------------------|--|
| <i>Participants:</i> | Qualified DEs and existing licensees that only elect the re-auction option. |
| <i>Qualification:</i> | Participants must comply with certain license return requirements under Section 3A10 of the Federal Securities laws (no "break-up" funds paid). Participants must put all their licenses into the auction. |
| <i>"Store Credit":</i> | Equal to 90% of non-refundable down payments. |
| <i>Upfront Payment:</i> | All cash to be bid in auction deposited in advance. |
| <i>Eligibility:</i> | Eligibility for new money based on \$.15/MHz/Pop. "Store credit" eligible to the extent of licensed Pops. |
| <i>Payment Process:</i> | "Store Credit" spent first. New money refunded at the end of the auction if not needed to pay for license(s) won. |
| <i>Bidding Rules:</i> | C-Block, Stage III rules. |
| <i>License Transfer:</i> | Unrestricted transfer of licenses in the event of default to lenders. |





August 15, 1997

Jon C. Garcia
Director of Strategic Analysis
1919 M Street, NW, Room 822
Washington, DC 20554

8144 Walnut Hill Lane

Attached for your review are four charts which I hope will form the basis for our discussions tomorrow.

Suite 600

Chart 1 and 2: Penalize Eligibility, Not Use of the Downpayment

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As we've discussed, the disaggregation of spectrum works well for a C-Block licensee whose portfolio of licenses is in small markets where 30 MHz of spectrum is not required. These licensees can retain their existing portfolio and obtain relief from their debt load by opting for the disaggregation of their spectrum. This concept is graphically illustrated in Chart 1 by the lower rectangle under Disaggregation Option. Opposite to this is the Re-Auction Option which suggests a parallel approach for Re-Auction would be to reduce existing licensees' eligibility by some fraction (e.g., 25 to 50%) of their existing Pops but provide full use of their down payment.

Fax (214) 265-2570

For those in the high density Pops markets, it is essential to retain the full 30 MHz of spectrum. One way of ensuring that the present license holder is not able to simply re-acquire its existing portfolio (using only the down payment money) is to limit bidding eligibility of this money. For example, in Chart 2, if the bidding eligibility of old money was \$.33/MHz/Pop while the bidding eligibility of "new money" was \$.05/MHz/Pop, no existing licensee could win back their existing portfolio without depositing new money. This concept is graphically illustrated by the shaded vertical rectangle where the license holder has kept the full 30 MHz but re-acquired only a portion of their original portfolio with old money. The dotted rectangle represents the re-acquisition of an additional portion of the old portfolio with new money.

This type of penalty would enable licensees to use the full value of their deposit but places limits on the use of the existing down payment money. In addition, it would provide a considerable incentive for licensees to bring in new money to try and reacquire their old portfolio.

Chart 3. GWI's "Haircut" is the reduction in its portfolio Pops.

In the case of a business plan such as ours, the ability to attract investors is totally dependent upon having a portfolio of approximately 10 million high-profile urban Pops. If we do not have a minimum scale of operation, our business plan is severely curtailed.

We believe that there is no realistic likelihood that, even with a full 100% "store credit" for our down payment, will we be able to re-acquire our existing portfolio.

Our logic for this conclusion is as follows: Our current portfolio of licenses was acquired in the last auction for roughly \$59/Pop while the average price for all Pops was roughly \$40/Pop. Simply put, our portfolio was worth a 50% premium over the average. We believe that regardless of the absolute average attained in the re-auction, our portfolio (San Francisco, Atlanta, Miami, etc.) will again sell for about 50% above average. The table indicates the results to GWI at various average re-auction prices.

The most probable outcome for GWI is the one where we acquire roughly 7M (of 18M) Pops in a re-auction. The financial panel on June 30th suggested \$10/Pop as a good estimate of today's FMV. The \$15/Pop represents a good high-end since this is the A-/B- Block auction average.

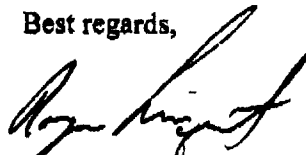
As is evident from the table, if the re-auction prices on an auction-wide average reach the \$10/Pop level our old money will put GWI below critical mass without new money. At \$15/Pop we may reacquire only 4.7M Pops and no longer have a business with sufficient scale to compete with Fortune 50 competitors.

Chart 4. Balance Between Options

As I understand it, your current thinking is to offer two new options. This chart compares the impact of these options on licensees who elect them. For example, a licensee who elects re-auction gives up all its licenses while those electing disaggregation keep their portfolio intact. Hopefully the remaining comparisons are self explanatory.

The point of this chart is that in the absence of a significant "store credit", this is a very one-sided deal in favor of those who elect disaggregation. Thus, it would be, on balance, unfair to licensees electing the re-auction option, even if there is full credit for their down payments in exchange for limiting their eligibility (using down payment credit).

Best regards,

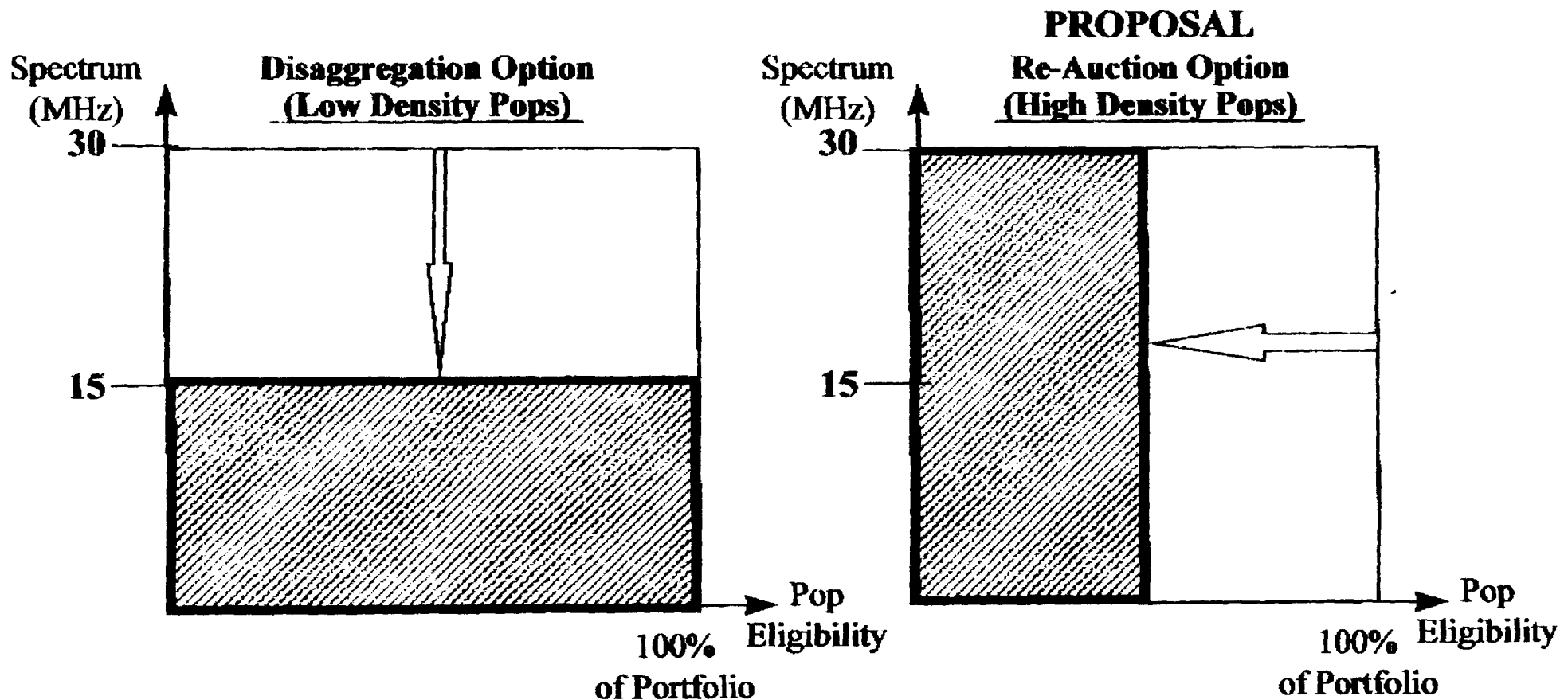


Roger D. Linquist
President and CEO

Attachments

CHART 1

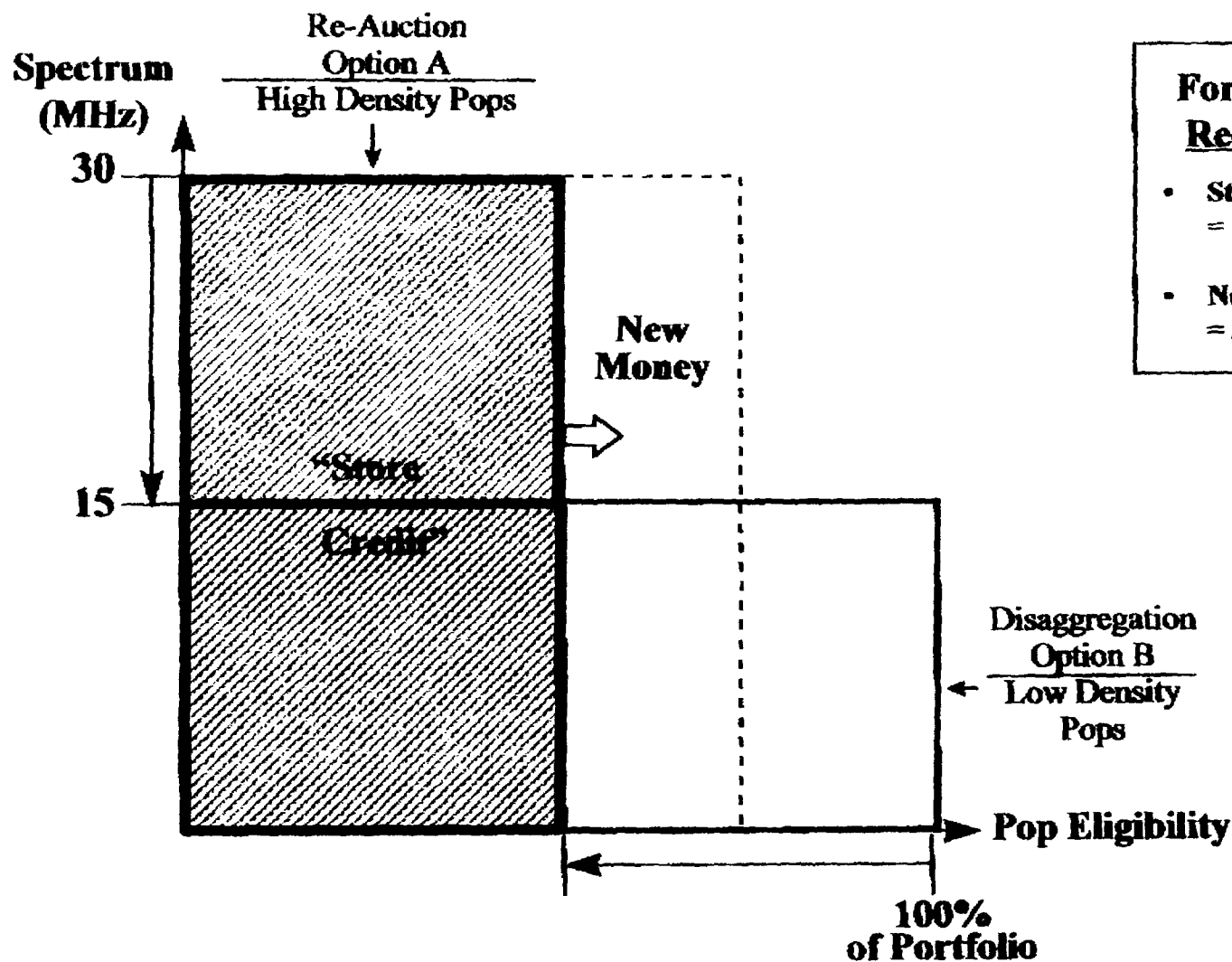
Re-Auction Option for High Density Pops Should be Comparable with Disaggregation Option for Low Density Pops



Re-auction penalty should be on "Pops" eligibility, not downpayment \$

CHART 2

Penalty Should be on Eligibility, Not Downpayment



For Example - 30 MHz Re-Auction Eligibility

- Store Credit
= \$10/Pop (\$0.33/MHz/Pop)
- New Money
= \$1.5/Pop (\$0.05/MHz/Pop)

CHART 3

GWI's "Haircut" Will Occur in Fewer Pops Reacquired in the Re-Auction

- ❑ Major market business plan requires critical mass of at least 10 million Pops to gain some "scale" advantages needed to compete with Fortune 50 companies
- ❑ GWI would take a "Haircut" with full downpayment as "Store Credit"
 - GWI full downpayment = \$106M (18M Pops)
 - GWI's Top 12 market Pops @ \$59/Pop versus \$40/Pop C-Block average is approximately 50% greater

| <u>Re-Auction Average Price</u> | <u>GWI Average Price</u> | <u>GWI's Store Credit Pops</u> | |
|-------------------------------------|------------------------------|------------------------------------|---------------------|
| \$5/Pop | \$7.5/Pop | 14/M | |
| \$10/Pop | \$15/Pop | 7/M | Most Probable Range |
| \$15/Pop | \$22.5/Pop | 4.7/M | |

Even with 100% use of downpayment, GWI takes a big portfolio "haircut"

CHART 4

Even Full Use of Down Payment Wouldn't Balance Fairness Between Re-Auction Versus Disaggregation Options

| <u>Impact on Licensee</u> | <u>Re-Auction Option</u> | <u>15 MHz Disaggregation Option</u> |
|--|-------------------------------------|---|
| <input type="checkbox"/> Licenses | Give Up | Keep |
| <input type="checkbox"/> Pops | Downsized | Same |
| <input type="checkbox"/> FCC Requirement | "Pre-Pack" Bankruptcy | Return 15 MHz (50%) |
| <input type="checkbox"/> Payment Plan | Cash | Keep Installment Plan |
| <input type="checkbox"/> Business Plan | New Scale | Same |
| <input type="checkbox"/> "Deal" | "Store Credit" (Down Payment \$) | Reduce Debt Proportionately |
| <input type="checkbox"/> Downpayment | 100% | 100% on 15 MHz |
| <input type="checkbox"/> Eligibility | <u>50% to 75%</u> | 100% (No Re-Auction) |